

PUBLIC HEARING  
SEPTEMBER 16, 2015

A public hearing of the Council of the County of Kaua'i was called to order by KipuKai Kuali'i, Chair, Economic Development & Intergovernmental Relations Committee, on Wednesday, September 16, 2015, at 1:31 p.m., at the Council Chambers, 4396 Rice Street, Suite 201, Historic County Building, Līhu'e, and the presence of the following was noted:

Honorable Mason K. Chock  
Honorable Gary L. Hooser  
Honorable Ross Kagawa  
Honorable Arryl Kaneshiro  
Honorable KipuKai Kuali'i  
Honorable JoAnn A. Yukimura  
Honorable Mel Rapozo

The Clerk read the notice of the public hearing on the following:

"Resolution No. 2015-57 – RESOLUTION SUPPORTING ECONOMIC JUSTICE FOR HAWAII'S WORKING FAMILIES: LIVING WAGE, PAID SICK LEAVE, PAID FAMILY AND MEDICAL LEAVE, AND RIGHT TO ORGANIZE,"

which was ordered to print by the Council of the County of Kaua'i on August 19, 2015, and published in The Garden Island newspaper on August 25, 2015.

The following communications were received for the record:

1. Ako, Gerald, August 19, 2015
2. Cowden, Felicia, September 15, 2015
3. Dame, Bart, September 16, 2015
4. Kelley, Mary Lu, September 12, 2015
5. Nakanelua, Dayton M., September 16, 2015
6. Stayton, Susan, September 12, 2015

The hearing proceeded as follows:

JADE K. FOUNTAIN-TANIGAWA, County Clerk:                      Committee Chair,  
we have registered speakers on the matter and we have also received written testimony.

Committee Chair Kuali'i:                      Can we have the first person?

Ms. Fountain-Tanigawa:                      The first registered speaker is Bart Dame,  
followed by Felicia Cowden.

BART DAME:                      My name is Bart Dame. I am testifying on  
behalf of Progressive Democrats of Hawai'i. I will admit upfront that I am a

Honolulu guy. I was coming here for another purpose and brother Ray Catania said, "Hey, if you are coming over, come over here early and testify on this Resolution." Ray and I have known each other for a number of years and Ray knew that I was deeply involved in the legislative effort in 2014 down at the State Capitol to help push through the hike in the minimum wage, which is taking us eventually by 2018 to ten dollars and ten cents (\$10.10). I do not pretend to understand the conditions of Kaua'i and I will defer to your judgment on what is appropriate for Kaua'i, but let me make some general comments and you can pick and choose as to what you think might be useful, if anything in what I say. As most of us are aware, probably all of you folks, the United States, and certainly Hawai'i, has had a drastic shift towards growing inequality over the past few decades. After decades in the middle of the 20<sup>th</sup> century which saw a growing equality, starting around 1980, that progress stopped and we have returned to social inequality, similar to that which existed in the 1920's before The Great Depression or even in the so-called "Gilded Age" when Robber Barons had outsized control over United States society, politics, and the lives of everyday Americans as workers, farmers, and consumers. This got turned around in large part by the "New Deal" policies of the Franklin Delano Roosevelt Administration, as they were trying to figure out how to climb out of the catastrophe of The Great Depression. One of the things they decided as a core policy is that they had to tackle the problem of putting purchasing power back in the hands of consumers. If we want to get the economy going and get them to grow, it is not just that the employers and the businesses have to make profits, but they have to have consumers who have money in order to be able to buy things in order to have goods and services that are sold. One of the key elements in the New Deal was to establish for the first time a federal minimum wage. There is a lot of discussion and I think some of it is misunderstanding about the purpose of the minimum wage. I have seen it said, "The purpose of the minimum wage is never meant to be a living wage. It is meant to be like an introductory wage for young kids so they can start learning how to be productive as workers, so it should not be high." Actually, that was not the purpose. The purpose was to ensure that anyone who is working can have a decent standard of living and could have purchasing power in order to help the small businesses that sell goods and services to them. It was relevant in 1937 when they passed this law and it is also relevant now. The core of my testimony, I think the useful part, as opposed to all of the words are the charts that I have towards the end. One of the results of the collapse of purchasing power of low income people...

Committee Chair Kualii: Mr. Dame, our process here is that we allow testifiers to have three (3) minutes, and then you can come back for an additional three (3) minutes after we go through everyone for the first time.

Mr. Dame: Very good. I will come back with my extra words.

Committee Chair Kualii: Yes, your time has run out for the first time.

Mr. Dame: Okay. Thank you.

Committee Chair Kualii: The next speaker.

Ms. Fountain-Tanigawa: The next speaker is Felicia Cowden, followed by Anthony Aguiar.

FELICIA COWDEN: *Aloha.* I am Felicia Cowden for the record. Having had eighteen (18) years in small business in five (5) years in microbusiness, I understand that doing business in Hawai'i is kind of like a salmon trying to swim upstream. It is very difficult. A fair wage is not the right place to cut costs. Today, I am going to speak in broad-brush strokes because this is Resolution and not an ordinance where the details all have to be hashed out. In general, I support a Resolution to increase the minimum wage. I do think having a tiered system to accommodate business size and to create incentives to welcome to under skilled or the inexperienced into the workforce is important to have that outlet to have a breaker on this, but it could be like the threshold for when you get that higher minimum wage at sixty (60) days in. There is a lot that I can go into detail on that. The bottom line is that seven dollars and seventy-five cents (\$7.75) an hour perpetuates a demoralized workforce and pushes money into undocumented workers or the underground economy, while all of it burdened the tax base with public support. If people were working on the side, they can get these services and when they are working for minimum wage, they need the services. Businesses that are built with the intention of healthy employees, they are standing right now. The employees are the foundation of the businesses upon which everything else is built. Collectively on Kaua'i, we have a weak foundation. All it takes is a quick look around all the vacant retail space. We will see warehouses of testimony that a minimum wage job does not support a viable business. The national chains that when they come here and fail, they leave a wake of gutted "mom and pop" business whose prices have been undercut and they are not able to stay. Governing planning and the marketplace put so many hurdles in front of the business and that is where the help is really needed. Unlivable wages is the current release valve to keep businesses viable, but it is shortsighted and ineffective. I applaud the County's efforts with this Resolution to flag awareness that the hard work of many valuable people is being exploited. That is where we really need to go with this, which is to be able to look and understand that if it goes back to the State, because that is what a resolution does—if I was writing this Resolution, I would put just the wording in there that a variety of little breakpoints...I sent you an E-mail testimony that gave an example of one for a first time or returning workers that have been out of the workforce for a number of years. They might have a smaller area. We could think it out and hash it out, but the Council has a lot of other issues before it, so I am not sure if this Resolution is the place. Thank you.

Committee Chair Kualii: Thank you. That is your time. Are you going to want to come back for a second time or should I ask for questions now?

Ms. Cowden: You can answer questions now.

Committee Chair Kualii: Does anyone have questions? I have one quick one. I heard you say that a minimum wage job does not support a viable business. Did you mean that the workers earning the current minimum wage, their income, means that they cannot spend that money to support other businesses or the businesses that they work in?

Ms. Cowden: That is true.

Committee Chair Kualii: I just was not clear on what you meant.

Ms. Cowden: There is a big "and." What I meant is that businesses that come in here and they say, "Okay, we will be viable if we can pay

people under eight dollars (\$8) an hour.” That is not a viable business plan. When you see small businesses and medium size businesses that actually pay a little bit better wage, they hold their employees, they do not have the internal theft, and they have better sales. If somebody’s business plan includes wages that are basically exploitative to be its foundation, it is likely to not be a successful plan. That is what I am saying. We have probably a thirty percent (30%) vacancy in the commercial retail space.

Committee Chair Kualii: Thank you. Any other questions?  
Councilmember Yukimura.

Councilmember Yukimura: I did hear, and I want to make sure I did so that you can clarify, that you support a tiered level for students in training.

Ms. Cowden: Students in training, people who have been out of the workforce and coming back, and maybe a very small business. I think there are a number of reasons to allow for that. If it went up to fifteen dollars (\$15) an hour full stop, I think you would find a lot of the people would reenter the workforce on a paid level and you would actually be pushing out these hard to employ people. Those are the ones who take the seven dollars and seventy-five cents (\$7.75) jobs.

Councilmember Yukimura: In fact, the congressional budget office said that you would increase the income for low wage families, but some of them would lose jobs entirely.

Ms. Cowden: Some of them would lose jobs entirely because people would come in that right now is invisible to the employment field. They are cleaning condos. There are a lot of jobs that people are doing. We have a whole underground economy that is not contributing to the tax base. You would be drawing them back in and they would be able to be functioning in that tax base.

Councilmember Yukimura: The report said that some would become homeless probably because they would have a really deep cut in their income.

Ms. Cowden: If they got fifteen dollars (\$15) an hour?

Councilmember Yukimura: Yes. I will show you the report. Thank you.

Ms. Cowden: Okay. Thank you.

Committee Chair Kualii: Anybody else? Next speaker.

Ms. Fountain-Tanigawa: The next speaker is Anthony Aguiar, followed by John Zwiebel.

ANTHONY AGUIAR: Hi. This is Anthony Aguiar. When doing the math for fifteen dollars (\$15) an hour of minimum wages for a family of four (4) will have two (2) working adults. That is thirty dollars (\$30) an hour or three thousand eight hundred eight dollars (\$3,808) a month, not the sixty-four thousand four hundred dollars (\$64,400) we see that divided by twelve would be five thousand two hundred eighty dollars (\$5,280) a month. That is not what they see. What you need to factor in is the taxes and all else. The sixty-two thousand dollars (\$62,000) goes

to forty-two thousand one hundred seventy-six dollars (\$42,176) a month or three thousand eight hundred forty-four dollars (\$3,844) per month. This is what their living wage is. The federal government's Census Bureau has a poverty level for a family of four (4) being twenty-eight thousand eight hundred dollars (\$28,800). Also, that is before taxes, so a family of four (4) is bringing home each month twenty-eight thousand eight hundred dollars (\$28,800) would be one thousand seven hundred seventy-six dollars (\$1,776) a month. With rent being between one thousand two hundred dollars (\$1,200) and one thousand one thousand eight hundred dollars (\$1,800) a month, that would be one-third of their money that they bring home. That would leave them five hundred seventy-six dollars (\$576) to feed and clothe themselves. This is for a family of four (4). The federal amount of twenty-eight thousand eight hundred dollars (\$28,800) is rated at thirteen dollars and fifty cents (\$13.50) an hour. That is more than what you folks are offering here. This is a human rights issue that a family of four (4) pays taxes and what do they receive? This family of four (4) needs fifteen dollars (\$15) an hour. Come the 2016 Election, I will tell voters, members of this Council who voted against the fifteen dollars (\$15) an hour to not vote for you folks. This is a human rights issue. Feeding a family, housing them, and then getting them to work; that is the issue. How are they supposed to get around? Take a look at yourselves. Can you imagine making three thousand eight hundred dollars (\$3,800) a month? Each of you here? I say that those people making minimum wage can imagine making more money. Remember, feed, clothe, and house four (4) people, plus they have to get to work. This is still a human rights issue. They pay taxes and they are entitled to, as I said before, life, liberty, and the pursuit of happiness. Not five hundred seventy-six (\$576) a month and the welfare system. Thank you. Any questions?

Committee Chair Kualii: Councilmember Kagawa.

Councilmember Kagawa: Anthony, do you know that the County does not decide what the minimum wage will be?

Mr. Aguiar: I know that. This Resolution is made so that we are all looking at it. If you folks say that we should start at twelve dollars and seventy-five cents (\$12.75), which I think...

Councilmember Kagawa: No, my question is do you know that the State decides?

Mr. Aguiar: Yes, I do. The State is the one.

Councilmember Kagawa: I just want to make that clear that the State will decide this.

Mr. Aguiar: This Resolution is to influence the State to take it to fifteen dollars (\$15) an hour because all the County Councils will get together and look at this Resolution, so we need it to be fifteen dollars (\$15), not in two (2) years, but right now. We have families that are living on the beach that are working mothers and fathers.

Councilmember Kagawa: That is not my question, Anthony. My question is...

Committee Chair Kualii:  
the answer.

Excuse me. We had the question and we had

Mr. Aguiar:

Okay.

Councilmember Kagawa:

You are not answering the question.

Committee Chair Kualii:

He said "yes" that he knows it is the State.

Mr. Aguiar:

Yes, I know.

Committee Chair Kualii:  
for them to address the issue. Any other questions?

This is a Resolution to go to the Legislature  
Thank you, Mr. Aguiar. Next.

Ms. Fountain-Tanigawa:  
by Raymond Catania.

The next speaker is John Zwiebel, followed

JOHN ZWIEBEL: John Zwiebel. I support a minimum wage of fifteen dollars (\$15). I was paid one dollar and twenty-five cents (\$1.25) as a photographer for The Local Weekly back in 1968. In 2014, inflation adjusted dollars that would be worth ten dollars (\$10). That is the federal minimum wage. Since Reagan's election, American productivity has continued to rise steadily according to the Economic Policy Institute by over eighty percent (80%), but our hourly compensation has grown by only thirty-nine percent (39%). That forty-one percent (41%) difference is being concentrated in the hands of fewer and fewer oligarchs. If America wants to remain a free nation, the division of our population into the one percent (1%) and the rest of us must be halted. It is unfortunate that this discussion has become a battle between the employer and the employee. Both are citizens and both should be treated fairly. Most employers affected by this law are actually on the side of their employees. Is the average CEO really worth three hundred (350) times more than the average American? Back in 1983, the CEO was only paid forty-six (46) times. I recognize that considerations for business are very important, but I still opposed the proposed amendment to provide a tiered minimum wage. A fifteen dollar (\$15) minimum wage is just above the poverty level for a family of four (4) in Hawai'i. It provides an income of thirty thousand dollars (\$30,000) for two thousand (2,000) hours of work, so it meets the goal of almost providing a citizen with a decent living. A business of twenty (20) full-time employees would require gross sales of six hundred thousand dollars (\$600,000) just to make payroll. No business is going to hire more than nineteen (19) employees if they can afford it and the artificial tiers proposed just do not make sense without a ton of caveats that pretty much got the objective of raising the minimum wage. In the end, the sad truth is that adjusting the minimum wage is not going to provide the economic and moral justice that we are seeking. The minimum wage is being increased so that people can afford housing. Would it not be better to provide adequate housing? The minimum wage is being increased so that people can pay for their healthcare. Would it not be better to have a single pair of healthcare that could cover everyone and perhaps reduce the need for additional wages? We must remember that people are not commodities. We all have our different talents and the more valuable talents deserve and in fact require better compensation, but we do have minimum support needs for health, housing, and food. Adjusting the minimum wage in fact causes those who have the power to make this decision to decide that people can live on less and less, and less. We must reject the idea that those who cannot take care of themselves are of no value and therefore do not

deserve any income, but must rely on charity. Capitalism does not provide for dealing with this moral truth. I encourage the Council to look for alternatives to using a misunderstood and poorly applied metric, the minimum wage, to meet the needs of Kaua'i citizens. Until those alternatives are identified and implemented, I will support a fifteen dollar (\$15) minimum wage.

Committee Chair Kuali'i: Thank you, Mr. Zwiebel. Just to clarify, you mentioned an amendment, but this is just a resolution at this time that has four (4) parts to it, one of it being the fifteen dollar (\$15) minimum wage with no amendments. There are no amendments, but how each of these issues end up being addressed by the Legislature obviously could have many different concepts, as far as the tiers that another testifier mentioned.

Mr. Zwiebel: For what it is worth, Ray forwarded me some documentation that suggests that there was going to be twelve dollars and fifty cents (\$12.50).

Committee Chair Kuali'i: Yes, we had other discussions and other bills, but this Resolution talks about the four (4) issues and it goes to the Legislature just expressing our support.

Mr. Zwiebel: Okay. Thank you.

Committee Chair Kuali'i: What they do with it could be all kinds of amendments.

Mr. Zwiebel: Sure.

Committee Chair Kuali'i: You have another question.

Councilmember Hooser: Thank you for your testimony. You packed a lot into the three (3) minutes and I wanted to back up and get some clarification. You mentioned the pay of CEO's today versus before. Can you give me those numbers again?

Mr. Zwiebel: Yes. CEO's are now making three hundred fifty (350) times more than their average employee.

Councilmember Hooser: Is that now?

Mr. Zwiebel: Yes, that is now. A couple of years ago, it was as high as four hundred (400) times during the technology boom. Back in 1983, it was only forty-six (46) times. I do not know what Paul Allen does to deserve a battleship sized yacht, but it does not seem to me a very good use of income to be able to allow somebody to go out and buy something that is that big. I do not care how good Microsoft is.

Councilmember Hooser: Okay, so the increasing disparity is the main point. The very highest paid executives are paid three hundred fifty (350) times the average employee versus in 1983, 1993, and 2003?

Mr. Zwiebel: Yes, it was forty-six (46) times in 1983.

Councilmember Hooser: Thank you.

Mr. Zwiebel: Sure.

Committee Chair Kualii: Next speaker.

Ms. Fountain-Tanigawa: The next speaker is Raymond Catania, followed by Gerald Ako.

RAYMOND CATANIA: Raymond Catania for the record. *Aloha* everybody. You know where I stand as I support this Resolution with all of my body and my soul. The thing is that I want to address some issues that have come up. The biggest one is who are these people that are living on minimum wages? These are 7-11 clerks, clerks and cashiers that work at Times, workers that are serving food in some of the hotels that are nonunion, workers that work in restaurants, workers that work at Walmart, workers that work at Ross's, workers that work at Kmart, and they work at the airlines being contract laborers getting paid eight dollars (\$8) to nine dollars (\$9) an hour cleaning the airplanes. This involves thousands and thousands of workers in Hawai'i. They are friends and neighbors that are family. I know all of you are concerned about Kaua'i's people so that is why I brought this up because we have been going out into the community and talking to a lot of working folks. The thing is that is this fifteen dollars (\$15) an arbitrary number? It is not an arbitrary number. It is twice the amount of seven dollars and seventy-five cents (\$7.75), a little bit less than that. Howard Dicus from KGMB News is an Economist that everybody follows and listens to and came up with information that said you need at least thirty-one dollars and sixty-seven (\$31.67) for two (2) adults and two (2) children to rent an apartment, anywhere from one thousand five hundred dollars (\$1,500) to two thousand dollars (\$2,000) a month, if both of them are making fifteen dollars (\$15) an hour. That is not too much, but it gives people a little bit more money where they can live in decent place and not on the beach, on the corner, or on the streets. Also, you have to understand that the tourist industry has been making a lot of money lately and from what I found out by reading the papers and studying their reports, that the tourist industry as compared to last year until present, made over one hundred thirty-seven million dollars (\$137,000,000) more in profits. I think this gravy has to be shared with the working class for the people that live here. We are struggling. This is not just a Kaua'i issue. It is throughout the whole State and throughout American as a whole. On the question of sick leave, we have sixty thousand (60,000) restaurant workers that do not receive any sick leave of any kind and one hundred eighty-four thousand two hundred thirty-seven (184,237) in Hawai'i total. This was put out by a federal partnership that studies the conditions of women and children in working, poor families throughout America. We need some sick leave. The exact amounts—I do not know because that has to be worked on. I thought that Councilmember Kualii, through Councilmember Kaneshiro, introduced the measure, the two (2) tier suggestion, and Councilmember Chock's suggestion of a three (3) tier. It is something for us to look at and for the Legislature to look at.

Committee Chair Kualii: That is your time.

Mr. Catania: Okay. Thank you.

Committee Chair Kualii: You can come back. You have a question.



Councilmember Hooser: You talked about the sick leave, but you did not mention the family leave component.

Mr. Catania: No, I did not mention the family leave thing because I think that has to be worked out a little bit more. But for the sick leave, I know we have to get that because the AFL-CIO is really pushing hard for that this past Legislative session. We got pretty close to getting it and they are going to be trying again. Randy Pereira has made that gallant effort for the union movement to really push this for the rest of the working class that does not have anything. One hundred eighty thousand (180,000) workers is a lot of workers that do not have any sick leave. My children do not have.

Councilmember Hooser: I know that we are not discussing the amendment that we talked about the last time, but it is possible that if the body wanted to amend the Resolution we could. So I wanted to ask you if you favored the tier or not.

Mr. Catania: For the sick leave?

Councilmember Hooser: No, for the fifteen dollars (\$15).

Mr. Catania: Yes, I favored the tier for myself. I think it will be more acceptable to the community as a whole, but we have to get to those fifteen dollars (\$15) at least. I think the way that it came out the first time through Councilmember Kuali'i was that he was dividing businesses with those that are very wealthy and those that are kind of below. Councilmember Chock got a little more specific. I think the eleven dollars (\$11) is a little bit too low for the lowest paid workers who have the smallest numbers. For the smallest profit margins, I think it has to come up some more. That should be a matter of discussion, but it is about time that we start discussing this stuff throughout the State. It can begin in the Counties because that is where the people are at. Ten dollars and ten cents (\$10.10) is not enough. Let us face it. I think everybody knows that.

Councilmember Hooser: Thank you.

Mr. Catania: Thank you.

Committee Chair Kuali'i: Next speaker.

Ms. Fountain-Tanigawa: Your last registered speaker is Gerald Ako.

GERALD AKO: Good afternoon Chair, Councilmembers, and your dedicated staff that is here. I am Gerald Ako and I am with the Hawai'i Government Employees Association (HGEA). I just want to thank you for giving us the opportunity to speak on behalf of a lot of the working people, not only here on Kaua'i, Hawai'i, but basically throughout the entire nation that we are talking about here today. We have a testimony here from our Executive Director Randy Pereira: "The Hawai'i Government Employees Association, AFSCME Local 152, AFL-CIO strongly supports the purpose and intent of the above cited Resolution and Communications, which upon passage by the State Legislature will greatly improve the lives of Hawai'i's working families by ensuring employees have the right to collectively bargain, increasing the minimum wage, and requiring employers to provide paid sick leave for their employees. HGEA represents more

than forty-two thousand (42,000) members employed by the State and Counties, in eight (8) bargaining units and also serves a large associate membership composed of retirees, other State and county employees and officials, and federal and private sector employees. As the State's largest labor organization, we firmly believe in the right for employees in both the public and private sector to collectively bargain their wages, benefits, and terms and conditions of employment, as upheld by Article 13 of the Hawai'i State Constitution. Additionally, we have strongly supported legislation that grants paid sick leave for employees, as no employees should have to choose between their health and their job. Lastly, we applaud the strides being made in cities across the nation to increase the minimum wage to fifteen dollars (\$15) an hour. However, here in Hawai'i, thousands of public employees from educational assistance to clerical support staff, currently make less than fifteen dollars (\$15) an hour. We firmly believe that now is the appropriate time to increase all employees' quality of life. We strongly support enactment of legislation that ensures fairness, dignity, and equity for all employees. We thank you again for the opportunity to provide testimony in support of this Resolution. Respectively submitted, Executive Director of HGEA Randy Pereira."

Council Chair Rapozo: I have a question.

Committee Chair Kualii: Was that the conclusion of your remarks?  
You still have some time.

Mr. Ako: Yes.

Committee Chair Kualii: You have a question.

Councilmember Rapozo: I just wanted to know if you could clarify out of all of the members from HGEA, how many of them are making minimum wage or less than fifteen dollars (\$15)?

Mr. Ako: If you ask me the exact number, I am not real sure what the number is. I heard that in the County of Kaua'i, there are eleven (11). Within the entire State, I am not sure. If you are looking at our salary schedule, those that are at the SR-12 level. The entry level over there is right at the fifteen dollar (\$15) level, unless we are talking about our account clerks. Everybody below that will always enter at the less than that fifteen dollar (\$15) number.

Council Chair Rapozo: What happens to the employees that currently make fifteen dollars (\$15) an hour, sixteen dollars (\$16) an hour, or seventeen dollars (\$17) an hour. Should the minimum wage be brought up to fifteen dollars (\$15)? Does that automatically increase the wages proportionately for all members of HGEA? If so, what would that impact be statewide financially?

Mr. Ako: If you are going to ask me what the impact is, Mr. Chair, I really do not know what it is. How you are going to actually implement this if it does go ahead and pass—I am sure there are various ways you can do it. You can do it by a differential, reallocate positions, reprice positions, raise everybody up, and do all of that.

Council Chair Rapozo: I am just curious on what the union's position is. If this should pass, what would the union's next move be?

Mr. Ako: I think right now, our big position is that when you look around at membership and you have members that are paying medical or making the choice between paying medical, childcare, and eating—if I need to pay thirty percent (30%) of my after tax moneys to medical, which some of them are already paying, thirty percent (30%)...this is a real tough choice that they need to make. When you do not have discretionary moneys in your pocket and you do not have the confidence to spend, then I think we just hold onto our moneys, and then we start that downward spiral. When we have moneys in our pocket, we have confidence to spend and we benefit from it. People are the creators of jobs. When we do not spend, there are no jobs. People need to have discretionary moneys before this economy gets better. When this economy gets better, I think whether we are small business guy, whether we are the big business guy or the guy making that six (6) figure salary, or that guy making that seven dollars and seventy-five cents (\$7.75); when the economy goes up, we all go up. It is not I think only trying to isolate one thing. I think the whole goal is so we all can live in a better place.

Council Chair Rapozo: Are you going to be here for the Council meeting as well?

Mr. Ako: No.

Council Chair Rapozo: Unfortunately, we are not allowed to ask questions other than clarifying questions. I wanted to clarify the numbers, but I guess I can send over some questions in writing.

Committee Chair Kualii: Also, could you submit a copy of your testimony in writing so that staff can have it for the next meeting as well. You have another question from Councilmember Yukimura.

Councilmember Yukimura: So is HGEA supporting the fifteen dollars (\$15) an hour for 2019?

Mr. Ako: Again, I think once we get into the actual numbers, I think there is a bigger picture out there. The idea is to move, especially from the bottom. These are the people that you are not going to see their names in the front headlines. Most of us in this position do not talk about this story. A lot of us here have two (2) or three (3) jobs just to make ends meet at the end of the month. I think when you do not have the discretionary moneys and when you hear about rifts that are going on throughout the State and you worry about your job, you just do not spend.

Councilmember Yukimura: Yes. I am glad you mentioned the big picture because there are studies that show even for those who supported to go up to twelve dollars (\$12) an hour, that fifteen dollars (\$15) an hour will cause loss of jobs at the low end. I am just wondering where the unions stand on some that will better the condition of some workers, but then really affect those at the lower end in a detrimental way.

Mr. Ako: Yes. I think I am going to sit before you here and tell you that I do not know if there is a silver bullet to this. I think some people are going to get hurt along the way and some businesses may get hurt along the way. I think when you start talking to all of these people that are out there, people have been hurt for a long, long time already. I think the fact of the matter is that

when the economy goes up, we all go up; even the small companies and big companies.

Councilmember Yukimura: So if we can get the benefits without the negative impacts, which some people are suggesting would be through a more gradual increase, rather than a four dollars and ninety cents (\$4.90) increase in a year, then that would be the preference of the unions as well.

Mr. Ako: I think our preference is to move forward.

Councilmember Yukimura: Well, you can move forward gradually or you can move forward immediately.

Mr. Ako: Again, whether that number is fifteen dollars (\$15) or twenty dollars (\$20), I think once we start focusing on that as opposed to that big picture, then I think we get bogged down in all of these numbers. The idea is to move. There is a bigger picture.

Councilmember Yukimura: Thank you.

Committee Chair Kualii: Councilmember Hooser.

Councilmember Hooser: I really appreciate you being here. I agree one hundred percent (100%) that we need to move forward. I think part of the reason we are here is because of the stop go, stop go, and it goes to your point of moving forward, the concept of Consumer Price Index (CPI), therefore it automatically grows year after year so that we do not have these big gaps. Do you believe the union would support that kind of view? You understand what I am saying, right? The CPI where the minimum wage is tied to and cost of living?

Mr. Ako: Yes. Again, I am not going to be the expert and sit in front of you and tell you what the exact details are going to be. I think when you are looking at thirty thousand dollars (\$30,000) a year, you walk in their shoes, feel their pain, and see the stress and the fact that, "Can I or can I not make it?" Then you begin to wonder about the core values that we have. "Because I am working that second and third job, I do not have time to spend with the family." You guys all know that story. It is the big cycle that goes on. I think what we need to do is see what we can do to stop that cycle and reverse that cycle because it has been going on for a long time. People are hurting and to the point where I think we begin to question the core values that we have, the family values, and all values that we have.

Councilmember Hooser: Thank you.

Committee Chair Kualii: Thank you.

Mr. Ako: Thank you.

Committee Chair Kualii: Does anybody else want to testify for the first time? Nobody? For the second time? Mr. Dame.

Mr. Dame: Thank you very much. I would like to call attention to the charts that I have attached to my testimony. I think they are better

than all my verbiage. The first chart is for Honolulu. It shows the top line here, which what has happened to rents in Honolulu historically since 2005. The line just below that is for inflation. Then the line below that is for median wages in Honolulu. You see that that gap is growing wider and wider. This is a mathematical formula that is implemented when we have the price of housing set by the market and wages remain relatively stagnant. We have this gap, which translates into more and more homeless in the streets. I see you have homeless here as well as in Honolulu, where it is extremely dramatic. It is a serious problem. It is caused in large part by the fact that wages have not kept up with the cost of housing. So you can make a move in the right direction by recommending to the Legislature that they raise minimum wage. That will help. The next chart I have, which was referenced earlier, is the gap that has happened between the increases in productivity in labor versus that percentage of it, which actually goes to increase wages of workers. Up until 1980, increases and productivity translated into increases in wages for working people. But around 1980, something happened...the split got dramatically worse and worse. This again is one of the contributing factors to the growing inequality. Working people are not benefitting from the increase in productivity. That increase in productivity shows that wealth is being generated in this society, even since the recession and the recovery. There is a lot of wealth being generated, but is not being shared equitably. The imbalance is causing low income people to not be able to afford to buy things, which are hurting small businesses, restaurants, and bars. The final chart that I have here is what has happened to the minimum wage in Hawai'i. This one was aimed at the legislators more than the councilmembers, but it shows that during the times of their inaction when the minimum wage has to be adjusted by a legislative action, the longer it goes and the more there is a loss in the actual real purchasing power of the minimum wage. If we look now at this chart, we are now at the right hand side. The minimum wage is now seven dollars and seventy-five cents (\$7.75), but the actual wage that I got when I was a kid and worked for minimum wage, I worked at Cornet in Kailua, I got one dollar and sixty cents (\$1.60). One dollar and sixty cents (\$1.60) in those days...one (1) gallon of gas was like thirty cents (\$0.30) to thirty-five cents (\$0.35) and a pack of cigarettes was twenty-five cents (\$0.25) to thirty-five cents (\$0.35). This candy bar was five cents (\$0.05). I used to go to (inaudible) and buy this candy bar. I just bought this from Longs and it is one dollar and twenty cents (\$1.20). That is over a two thousand percent (2,000%) increase. The price of gas is over ten (10) times. The price of cigarettes is over ten (10) times. What has not changed significantly is the minimum wage that has only gone up four and a half (4.5) times.

Committee Chair Kualii: Thank you. We have a question.  
Councilmember Kagawa.

Councilmember Kagawa: Thank you for your testimony, Bart. I just wanted to question you when you brought up the homeless and that they could have been made homeless by the lack of appropriate minimum wage.

Mr. Dame: Sure.

Councilmember Kagawa: But if about eighty percent (80%) are recent residents to Kaua'i who came from the mainland, are they affected by that?

Mr. Dame: I do not know whether the recent is related to employed or unemployed...

Councilmember Kagawa: Just recently moved homeless people.

Mr. Dame: You might remember the beginning. I said I do not know much about Kaua'i's conditions.

Councilmember Kagawa: Yes, we have a lot of homeless like Honolulu and a lot of recently moved homeless.

Mr. Dame: In Honolulu...again, I do not work closely on homeless issues, but I know people that do. The percentage of homeless who are local people is much higher than just twenty percent (20%). A lot of the homeless people are actually people who are working and they cannot afford rent. I think that phrase "houseless" is a good term. It is people who cannot afford to pay for housing in the current market because they do not have enough income, whether it is assistance or through their wages.

Councilmember Kagawa: I just wanted to clarify that unless we know those percentages exactly, we cannot say that the homeless population is because of minimum wage. A lot of them came from the mainland. It is a fact. So we cannot say that the minimum wage in Hawai'i made them homeless.

Mr. Dame: Whatever the percentage is of people who are homeless who are also working and who are working at low wage jobs, by increasing their wages, we are going to give them a better chance to stop being homeless.

Councilmember Kagawa: Thank you.

Committee Chair Kualii: Councilmember Yukimura.

Councilmember Yukimura: Hi Bart.

Mr. Dame: Hi.

Councilmember Yukimura: Thank you for your very gracious testimony. In regards to your first chart about rents outpacing wages and inflation, do you think that it is realistic to tie minimum wage to land and housing prices or is it a better strategy to insulate housing from the crazy speculative market?

Mr. Dame: I think that it is such a formidable, complex interrelated problem. However you can approach it is marvelous. I think that having working people get income related to their actual industry, the work they put in, is...I do not want to sound too conservative for a progressive, but is actually a good value. People being able to work and pay their way are very valuable things. I would say that to the extent we can increase wage relative to the work people put in and their ability to compete in the market, if you can totally eliminate the effect of the market place so that it does not rise at a faster rate than people's income, then yes, but the reality is that I have not seen a program that has done that, unless we go to Europe or someplace that have massive subsidies or public housing. I just do not see how we are going to mitigate it enough so that income is not a factor in our ability to afford housing.

Councilmember Yukimura: Well, do you think it is easier to increase minimum wage than to produce housing that is insulated from the market?

Mr. Dame: I do not work much on housing issues. I know that on O'ahu, there has been a big move away. Notoriously, the city was saying they were not in the housing business anymore, so the amount of public housing or housing assistance has declined considerably from the feds, the state...

Councilmember Yukimura: That is probably why you have a homeless problem.

Mr. Dame: It is definitely related. Also, I am saying that when the minimum wage has only gone up four and a half (4.5) times and the cost of everything else has gone up ten (10), fourteen (14), or in this case over twenty (20) times, that is a factor, too.

Councilmember Yukimura: I have one more question about your second chart. I really do not know the answer to this. I am not real schooled in this area of productivity, but could that rise in productivity be more due to information technology and mechanization, rather than worker effort?

Mr. Dame: Yes, productivity is a bunch of things, but it is technological change as well. The main point I see in this chart is that wealth is being generated, but it is not being shared equitably. If we have an economy that is growing, but the rewards are not being shared on a more balanced basis, then we have all of these incredible problems that society breaks down, which is why you have people underneath the shade of the tree out there or like we have people on Kapalama Canal and more down to Honolulu in Kaka'ako.

Councilmember Yukimura: Okay. Thank you very much.

Committee Chair Kualii: Anyone else? When I looked at your last two (2) charts, I am trying to figure out where the first one ends and where the last one begins because the decline of minimum wage in Hawai'i, which I am really interested in that chart and seeing it more and getting more information like that. I was wondering where it came from. The top one says "Economic Policy Institute," but I do not see anything for the bottom one.

Mr. Dame: I think these figures came out of the Department of Labor. When we were working on minimum wage stuff, we had a lot of work with...

Committee Chair Kualii: So you created this with...

Mr. Dame: I created this chart, but the data came from the Department of Labor. We work closely with Dwight Takamine on the minimum wage bill and he was very helpful with a lot of very, very good data.

Committee Chair Kualii: Thank you. Other speakers for a second time? No?

Ms. Fountain-Tanigawa: We have no further registered speakers and no written testimony. You may adjourn.

Committee Chair Kualifi: The issue will be addressed at the Council Meeting on October 7<sup>th</sup>. Thank you everyone for your testimony.

There being no further testimony on this matter, the public hearing adjourned at 2:17 p.m.

Respectfully submitted,

A handwritten signature in black ink, consisting of a large loop followed by several vertical strokes and a horizontal line extending to the right.

JADE K. FOUNTAIN-TANIGAWA  
County Clerk

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